



Mogale City

Local Municipality

ANNEXURE 19

**METHODOLOGY
FOR THE
IMPAIRMENT &
ASSESSMENT OF
USEFUL LIVES OF ASSETS
POLICY**

TABLE OF CONTENTS

PURPOSE	3
SCOPE	3
DEFINITIONS AND ABBREVIATIONS	3
APPLICABLE ACCOUNTING STANDARDS	4
ADDITIONAL GUIDANCE.....	4
METHODOLOGY FOR IMPAIRMENT	5
1. Scope.....	7
2. Timing of assessment.....	7
3. Evidence of impairment	7
4. Alternative procedure for physical verification and impairment assessment	10
5. Distinguish between cash and non-cash generating assets.....	11
5.1. Administrative / owner-occupied assets.....	11
5.2. Infrastructure assets	11
5.3. Community assets.....	12
6. Calculation and recognition of impairment loss.....	12
7. RECOVERABLE SERVICE AMOUNT	12
7.1. Value in use	13
7.2. Fair value less cost to sell	13
8. RECOVERABLE AMOUNT	14
8.1. Value in use	14
8.2. Fair value less cost to sell	15
METHODOLOGY FOR REASSESSMENT OF REMAINING USEFUL LIFE	15
1. Indicators for individual assessment	15
2. Condition grades	15
3. Utilisation grades	16
4. Combined grade.....	16
REVIEW OF METHODOLOGY	16
APPROVAL AND IMPLEMENTATION OF METHODOLOGY	16
SOURCE	17
Appendix A – Decision tree between cash and non-cash generating assets	18
Appendix B – Examples	19
Example 1: Calculation of depreciated replacement cost.....	20
Example 2: Calculation of remaining useful life.....	21
Work procedure – Impairment.....	22
Work procedure – Review of RUL	23

PURPOSE

The purpose of this document is:

- To set out a methodology for the impairment and useful lives assessment of property, plant and equipment in line with the applicable accounting standards;
- To ensure that sufficient provision is made for the impairment of property, plant and equipment in the annual financial statements; and
- Ensure that assets disclosed in the annual financial statements are stated at amounts that are in line with GRAP 17 Property, plant and equipment.

SCOPE

The methodology is applicable to all property, plant and equipment subsequently measured at cost. This includes the following:

- Land;
- Buildings;
- Infrastructure assets;
- Community assets;
- Other property, plant and equipment; and
- Intangible assets

DEFINITIONS AND ABBREVIATIONS

“ASB” means Accounting Standards Board

“CFO” means Chief Financial Officer

“Entity” means Mogale City Local Municipality.

“ESKOM” means the Electricity Supply Commission

“EUL” means estimated useful life, which is the period of time over which an asset is expected to be used by the municipality

“FAQ” means frequently asked questions as issued by the Accounting Standards Board

“Financial year” means the period 1 July of one year to 30 June of the following year (both days included)

“GRAP” means generally recognised accounting practices

“IDP” means Integrated development plan

“Impairment” is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the assets future economic benefits or service potential through depreciation or amortisation.

“Impairment loss of a cash-generating asset” is the amount by which the carrying amount of an asset exceeds its recoverable amount.

“Impairment loss of a non-cash-generating asset” is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

“MFMA” means Municipal Finance Management Act, Act 56 of 2003

“Municipality” means Mogale City Local Municipality

“NERSA” means the National Energy Regulator of South Africa

“Reporting date” means 30 June of each year

“RUL” means remaining useful life

“SDBIP” means service delivery budget implementation plan

APPLICABLE ACCOUNTING STANDARDS

GRAP 17 property, plant and equipment sets out the requirements and guidelines for the assessment of useful lives.

GRAP 17.56 “The residual value and the useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on accounting policies, changes in accounting estimates and errors. “

GRAP 17.57 “Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.”

GRAP 21.18 and GRAP 26.19 “The entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset.”

GRAP 21 will be applying by the entity on impairment of non-cash-generating assets and GRAP 26 on impairment of cash-generating asset.

ADDITIONAL GUIDANCE

The frequently asked questions (FAQ) issued by the Accounting Standards Board (ASB) issued 5 May 2014 provided additional guidance on the treatment of fully depreciated assets still in use.

Extract out the FAQ issued 5 May 2014

“In terms of GRAP 17 property, plant and equipment, an entity is required to assess the appropriateness of the useful lives, residual values and depreciation methods of assets at every reporting date. Where an entity has fully depreciated assets because it did not appropriately apply the principles of GRAP 17, either because it did not review the useful lives or residual values of assets at previous reporting dates, or because it did not use available information appropriately, this results in an error in accordance with GRAP 3.

When an entity applies the principles in GRAP 17 appropriately and uses all the information available to it in considering the useful lives, residual values and depreciation methods, then this would not result in an error but a change in estimate.

It may be appropriate, in rare instances, for an entity to hold fully depreciated assets which it still uses. If an entity made an appropriate estimate of the useful lives, residual values and depreciation of an asset based on the information available at the previous reporting dates, it continues to measure the assets at R1, and considers whether disclosure of the fact that it has fully depreciated assets still in use is appropriate.

The instances when an entity would be allowed to follow this approach (i.e. retain as fully depreciated and disclose where appropriate) would be very rare and would be limited to assets that are not significant to an entity’s operations. If the assets are significant to an entity’s operations and service delivery objectives, then appropriate adjustments will need to be made.

If the requirements of GRAP 17 were correctly applied in prior periods, but expectations changed after year end, then the adjustment will result in a change in accounting estimate (i.e. an adjustment to depreciation) and not an error. However, if the requirements of GRAP 17 were not correctly applied in prior periods, the adjustment results in an error in accordance with GRAP 3.

Whether adjusting for a change in an accounting estimate or an error, the disclosure requirements in GRAP 3 should be applied.”

Furthermore, GRAP 17’s Basis Of Conclusion, BC2 to BC4 (Indicator-based assessment of the useful lives of assets) sheds light in the case of high volume of assets and the considerations in the case of “Onerous annual assessments” as follows:

BC1.

The Board completed the first post-implementation review of the Standard of GRAP on Property, Plant and Equipment in 2014. Based on the responses received as part of that review, it was requested that the Board re-consider certain requirements in the Standard. These are as follows:

- Introducing an indicator-based assessment of the useful lives of assets.
- Clarifying whether the use of an external valuer to determine the fair value of assets is required or merely encouraged.

- Reviewing the encouraged disclosures to determine if they could be deleted, or if any should be made mandatory.
- Developing additional disclosures related to capital work-in-progress.
- Separately disclosing repairs and maintenance in the notes to the financial statements.

Amendments identified as part of the post-implementation review

Indicator-based assessment of the useful lives of assets

BC2.

Preparers noted that undertaking a detailed assessment of the useful lives of assets on an annual basis is onerous, particularly given the nature and volume of assets held by entities in the public sector. Preparers also noted that the requirement of the Standard had been interpreted as requiring a conditional assessment of all assets at each reporting date. Preparers suggested that using an indicator-based assessment, similar to that used to assess whether an asset is impaired, may provide sufficient relief from the requirements of the Standard, but still achieve the overall objective of the requirement.

BC3.

The Board agreed that an indicator approach is a feasible compromise as it would still require entities to assess the useful lives of assets on a regular basis. The key difference is that entities would not be required to review the useful lives of assets every year, only when specific circumstances exist or have changed from the prior year.

BC4.

The Board developed a list of indicators, in consultation with preparers and engineers, which reflect those circumstances or events that would require a more detailed assessment of the useful lives of assets to be undertaken. The indicators have been developed based on key principles of asset management. One of the key principles of asset management is that conditional assessments are done on specific assets more frequently than others, based on an entity's risk assessment of its assets. As a result, the revised requirements in the Standard make it clear that only where conditional assessments have been undertaken, is this information used in the assessing the appropriateness of the useful life of assets; it is not a requirement that conditional assessment should be undertaken for all assets.

METHODOLOGY FOR IMPAIRMENT

1. Scope

The assessment for impairment will not apply to the following categories:

- Inventories;
- Financial assets that are within the scope of the Standard of GRAP on Financial Instruments;
- Investment property that is measured at fair value;
- Biological assets related to agricultural activities that are measured at fair value less costs to sell; and

2. Timing of assessment

The municipality will assess, through meeting with the custodian of the relevant assets and where necessary physical verification, at the end of each reporting date whether there is objective evidence that property, plant and equipment are impaired. Only if such evidence exists, the municipality will estimate the impairment loss.

3. Evidence of impairment

An item of property, plant and equipment indicates the possibility of impairment if the asset is not performing the way it is intended to perform.

The assessment of impairment is performed per asset.

The following are some key indicators which the municipality considers in determining if an impairment loss has incurred:

GRAP 21 paragraph 21 gives guidance on assessing whether there is any indication that an asset may be impaired. In terms of this paragraph an entity shall consider, as a minimum, the following indications:

External sources of information

- (a) *Cessation, or near cessation, of the demand or need for services provided by the asset.*
- (b) *Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the entity operates*

Internal sources of information

- (c) *Evidence is available of physical damage of an asset.*
- (d) *Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.*

(e) A decision to halt the construction of the asset before it is complete or in a usable condition.

(f) Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

GRAP 26 gives guidance on assessing the whether there are any indication that exists that an asset may be impaired. In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

(g) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

(h) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.

(i) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

(j) Evidence is available of obsolescence or physical damage of an asset.

(k) Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

(l) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Other sources of information are as listed below:

- **External sources**

- changes in demographics
- legislative changes that will make the asset obsolete
- changes in the original industry or manufacturer life estimates
- expectation that new technological advances will lead to early obsolescence
- economic obsolescence due to new more cost-effective alternatives
- changes to industry standards

- **Internal sources**

- significant increase in utilisation
- asset performance significantly less than expected
- increased or excessive level of maintenance
- where a condition assessment indicates a significant change in expected useful life
- plans to replace that asset included in CAPEX
- service delivery not at acceptable levels due to complaints received
- evidence or reports of physical damage

- **Other examples are:**
 - *Industry research shows that certain materials will not last as long as first thought, e.g. pre-stressed concrete cylinder pipe.*
 - *Physical impairment is caused by floods washing away a road.*
 - *Radio telephones have become technologically and economically obsolete with the spread of mobile phone technology.*
 - *A road may become demographically obsolete through the development of a better alternative road for that community.*
 - *A sewerage treatment plant has become legislatively obsolete due to the passing of new environmental laws with which the existing plant cannot comply.*
 - *A project to build a new pipe line that will make the existing pipe line redundant is approved.*

- If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortisation) method or the residual value for the asset needs to be reviewed and adjusted in accordance with the Standard of GRAP applicable to the asset, even if no impairment loss is recognised for the asset.

Damaged assets are not necessarily always impaired. An asset is impaired if there is a loss in future economic benefits or service potential. Even though an asset might be damaged, it does not necessarily means there is loss in service potential or future economic benefits.

The following incidents are not considered indicators of impairment but rather an indication that maintenance is required:

- Office chair where one of more wheels are missing;
- Office desk where a drawer is not opening properly;
- Office chair where the material is dirty due to continues used however the chair is still in good functional condition;
- Office cupboard of which the door is hanging loose due to hinges being missing or broken; or
- Water treatment plant whose capacity has been reduced by an intake blockage and the removal of the blockage is economical.

Movable assets broken and no longer in use should be written off.

If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortisation) method or the residual value for the asset needs to be reviewed and adjusted in accordance with the Standard of GRAP applicable to the asset, even if no impairment loss is recognised for the asset. Refer to the section on **Methodology for reassessment of remaining useful life.**

4. Alternative procedure for physical verification and impairment assessment

Electricity Network

Above Ground Components

The municipality has an electrical technical division that conducts inspection of all Major Substations, MV substation, Mini Sub. The inspection checks for any fault in the network including the buildings. Any fault is recorded on the inspection sheet and submitted to the maintenance department so they can assess and fix the issue or fault. Once the problem is fixed it is recorded on the maintenance record.

Under Ground Components

Electrical cables and all other network are maintained on a reactive basis i.e. cable theft, malfunction of cables or street lights. A maintenance record is kept with such incidence as and when it occurs.

Water and Sanitation Network

The process is similar for water and sanitation network with regards to above ground assets. Underground assets are approached on a reactive basis thus a maintenance record is used.

Update of FAR

The Asset and Disposal Management unit makes use of the technical inspection record and maintenance sheet to update the fixed asset register by inspecting the inspection as well as maintenance sheets and comments for any faults or any other issue to address the condition assessment and any possible impairment assessment.

Other items of Property, Plant & Equipment

Normal asset verification will be conducted and the condition of the asset noted which will determine change in useful life or impairment. Furthermore, one of the limitations of internal control system is that only cost effective internal controls are implemented. It follows therefore that it would not be cost effective for the Municipality to physically verify all of its assets in one financial year (especially infrastructure assets) and random sampling would be used. This is also in line with the Basis of Conclusion BC2 to BC4 above in respect on onerous annual assessments.

5. Distinguish between cash and non-cash generating assets

In order to calculate the impairment loss it is necessary to calculate the recoverable service amount or the recoverable amount, these calculations however is dependent on if the asset is cash generating or non-cash generating.

Cash generating assets are asset held with the **primary objective** to generate a **commercial return**, while non-cash generating assets are asset that are not cash generating. (FAQ – non-cash generating primary held for service delivery purposes.)

In order to determine if any of the municipality's assets are cash generating it looks at the objective of the asset and what return does it generate.

5.1. Administrative / owner-occupied assets

It is accepted that all administrative assets, for example, vehicles, office equipment/furniture, plant and machinery, computer equipment and administrative land and buildings are non-cash generating assets as they do not generate any return.

5.2. Infrastructure assets

Infrastructure assets can be divided into five main groups, roads, water, electricity, sewer and waste management.

Roads do not generate any return and is therefore categorised as non-cash generating assets.

Water and electricity infrastructure assets in the municipality generate a return in the form of water and electricity service charges. These returns are not considered to be commercial returns for the following reason:

- The levies are determined annually based on:
 - the funds required as per the budget; and
 - the fees set by NERSA and Eskom
 - The budget is prepared to meet the objective of the municipality as set out in the IDP and SDBIP;
- The objectives of the municipality set in the IDP and SDBIP is to deliver services to the community and not to generate a commercial return.

Water and electricity infrastructure assets are therefore non-cash generating assets.

Waste management do generate a return in the form of a fee charged at landfill sites for the disposing of household waste when the load is of a certain size. These landfill sites are however management to project health, well-being and the environment by providing the facility to safely

dispose of household waste. Landfill sites are treated as non-cash generating assets.

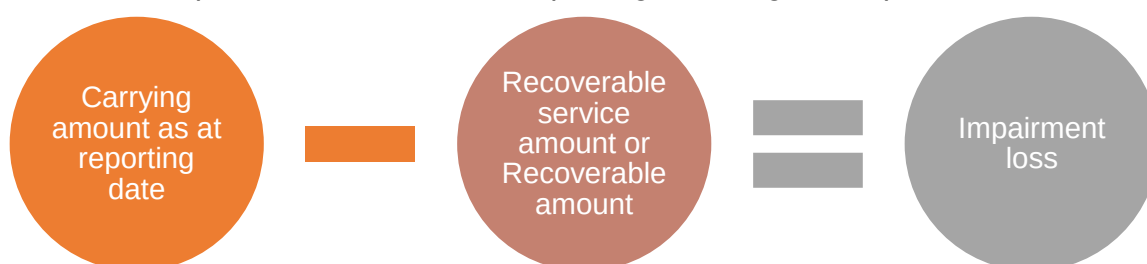
5.3. Community assets

Community assets are all categorised as non-cash generating assets even if some of these assets, for example, swimming pool, community halls or cemeteries generate a return.

The return generated by these assets is small and immaterial in relation to the cost of the assets and therefore is not considered to be a commercial return. In addition, all community assets are held with the primary objectives of service delivery in the community, to uplift the communities and to stimulate and enhance economic growth in the different communities.

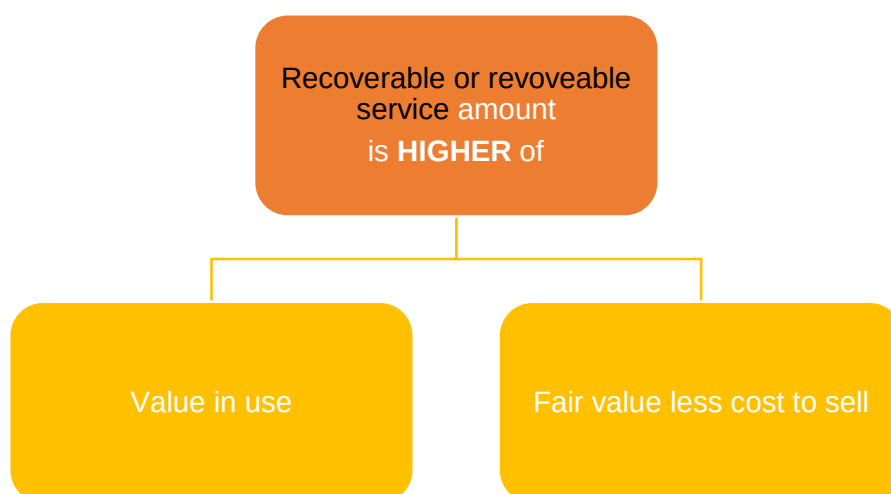
6. Calculation and recognition of impairment loss

The impairment loss is calculated as the difference between the carrying values at reporting date less the recoverable service amount (non-cash generating assets) or recoverable amount (cash generating assets).



The impairment loss is recognised in the statement of financial performance.

7. RECOVERABLE SERVICE AMOUNT



7.1. Value in use

Value in use is the present value of the asset's remaining service potential and is determined using the depreciated replacement cost method.

Depreciated replacement cost

Depreciated replacement cost is the current cost that will have to be incurred to replace the asset and then this amount is depreciated to reflect the asset's current age and condition.



The current replacement cost is obtained from the following sources:

- If there was a purchase in the last 6 months of the same asset by the municipality
 - The invoice of that particular purchase is used to determine the current replacement cost.
- If there has been no purchase in the last 6 months of the same asset by the municipality.
 - A quotation is obtained from a reputable supplier for the current purchase price.

7.2. Fair value less cost to sell

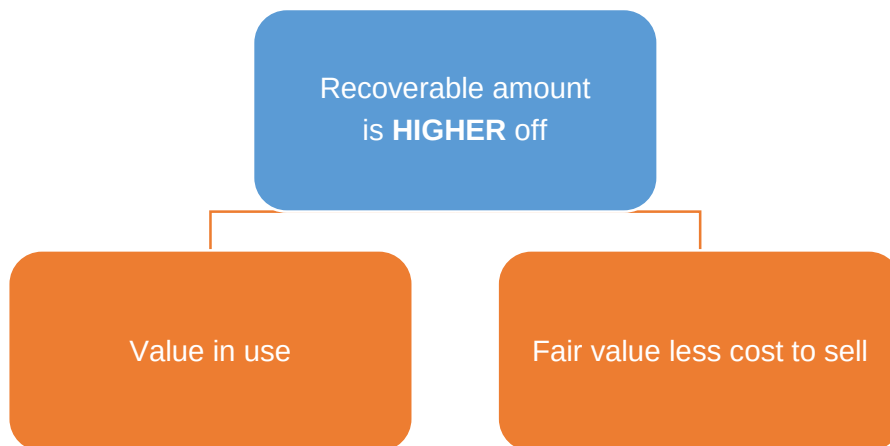
The fair value less cost to sell is obtained from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal.

In the municipality's environment infrastructure assets are not sold and therefore a reliable estimate of infrastructure asset's fair value cannot be obtained. The recoverable service amount of infrastructure assets will be the depreciated replacement cost.

Fair value less cost to sell is obtained from the following sources:

- Selling prices in any sale agreements of the asset or of similar assets;
- If there is an active market the prices is obtained from the market. Sources could include the internet and/or newspapers.

8. RECOVERABLE AMOUNT



8.1. Value in use

Value in use of cash-generated assets is the present value of future cash flows expected to derive from the continued use of an asset and from its disposal at the end of its useful life.

Estimated future cash flows

Prior year and current year actual cash flows as well as next year's budgeted cash flows are used as a baseline for determining the estimated future cash flows. These cash flows are then adjusted to determine estimated future cash flows. The following are examples of data taken into consideration in determining these future cash flows:

- Risks associated with the asset
- Any contracts in place for the asset such as rental contracts
- Consumer data such as quantity of consumers and average consumer rate
- Growth of consumer base in the municipal area
- Average new connections a year
- Financial ratios

Discount rate

The discount rate reflects the current market assessment of time value of money and the risks associated with the asset. The accounting standards require the rate to be a pre-tax rate however as the Municipality does not pay tax this has no implication on the discount rate.

The CPI inflation rate at reporting date is used as the rate that reflects current market assessment of time value of money. This rate is obtained from the Stats SA website <http://statssa.gov.za/cpi>

All risks associated with the asset are adjusted in the estimated future cash flows and therefore the CPI rate requires no adjusted for risks associated with the asset.

8.2. Fair value less cost to sell

The fair value less cost to sell is obtained from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal.

Fair value less cost to sell is obtained from the following sources:

- Selling prices in any sale agreements of the asset or of similar assets;
- If there is an active market the prices is obtained from the market. Sources could include the internet and/or newspapers.

METHODOLOGY FOR REASSESSMENT OF REMAINING USEFUL LIFE

At each reporting date the assets are physically verified, a condition grade and utilisation grade is assigned to each asset. The remaining useful lives are reassessed based on these condition and utilisation grades.

The assessment of remaining useful life is performed on a facility level, therefore the condition and utilisation grade is on a facility level. However if components making up at least 30% of the total cost of the facility show any of the indicators listed below then the components in the facility will be assessed individually.

1. Indicators for individual assessment

When any of the following indicators exist on components making up at least 30% of the total cost of a facility then the components of the facility will be individually assessed.

- Is there any indicators of impairment; or
- Had the components been replaced during the reporting period; or
- Had there been major repairs during the reporting period

2. Condition grades

Grade	Description	Detail description
5	Excellent	New, sound structure or appearance that is well maintained. Continue with normal planned maintenance.
4	Good	Performance acceptable with minor deterioration visible. Normal planned maintenance continues.
3	Fair	Some evidence of deterioration. Minor maintenance may be required.
2	Poor	Significant deterioration in structure or appearance. Major repairs or upgrade is required.
1	Very poor / scrap	Not functional, unusable, fully deteriorated. Needs reconstruction, replacement or disposal.

3. Utilisation grades

Grade	Description	Detail description
5	Not used	Substantially below norms
4	Under used	Moderately below norms
3	Normal use	Within norms
2	At capacity	Moderately exceeds norms
1	Overloaded	Substantially exceeds norms

4. Combined grade

The condition grade and the utilisation grade are added to obtain a combined grade. This combined grade is then used to calculate a newly assessed remaining useful life.

Combined grade	Estimated remaining useful life
9 or 10	100% of expected useful life
7 or 8	80% of expected useful life
5 or 6	60% of expected useful life
3 or 4	30% of expected useful life
1 or 2	10% of expected useful life

REVIEW OF METHODOLOGY

In terms of section 17(1) (e) of the MFMA polices must be reviewed on an annual basis and the review policy tabled to Council for approval as part of the budget process.

Section:	Chief Financial Officer
Current review date:	New policy
Previous review date:	New policy

APPROVAL AND IMPLEMENTATION OF METHODOLOGY

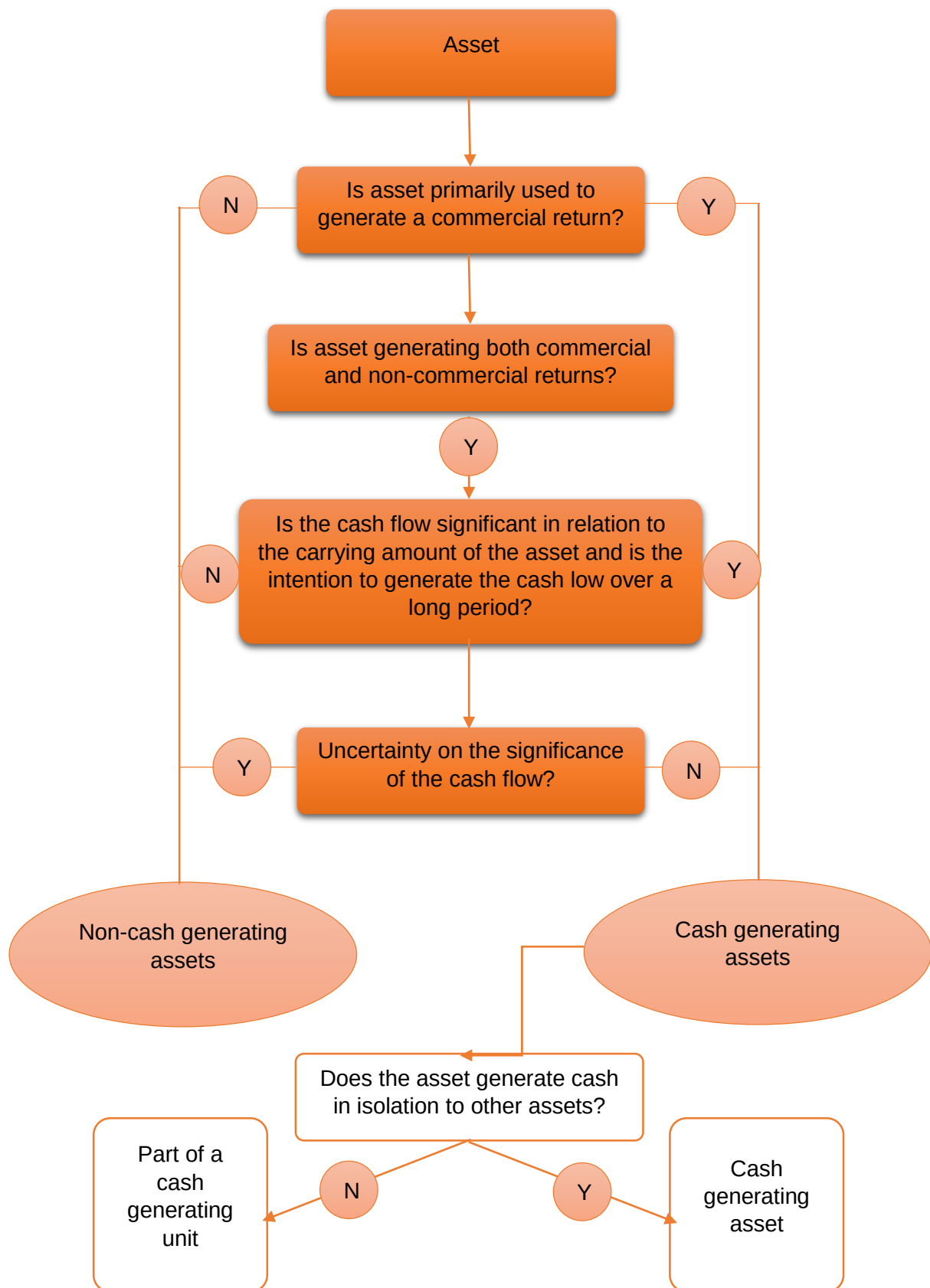
This methodology shall be implemented once approved by council.

Section:	Chief Financial Officer
Approval date by council:	Draft Consideration: 27 March 2018

SOURCE

- GRAP 17 property, plant and equipment issued March 2012
- GRAP 21 impairment of non-cash generating assets issued March 2009
- GRAP 26 impairment of cash generating assets issued March 2009
- FAQ issued May 2014
- National Treasury Accounting Guidelines GRAP 17 property, plant and equipment
- National Treasury Accounting Guidelines GRAP 21 impairment of non-cash generating assets
- National Treasury Accounting Guidelines GRAP 26 impairment of cash generating assets

Appendix A – Decision tree between cash and non-cash generating assets



Appendix B – Examples

Example 1: Calculation of depreciated replacement cost

Impairment indicators showed that asset 02569, a Mr Chairman high back chair features, swivel & tilt mechanism and black nylon base, should be tested for impairment. The municipality bought a similar chair from Cecil Nurse in February for R1 500 excluding VAT. Asset 02569 as at 30 June shows on the asset register:

- Carrying value of R300,
- RUL of 2 years and
- EUL was 12 years.

Depreciated replacement cost is calculated as follows:

$$R1\ 500 \times 2/12 = R250$$

Impairment is calculated as:

$$R300 - R250 = R50$$

Impairment loss of R50 will be recognised.

Example 2: Calculation of remaining useful life

At reporting date (30 June 2014) a physical verification of all assets was performed at reporting date. The Kruger Dam water treatment works facility was assessed at facility level and found:

- Condition assessment to be good as the plant is in working order and only routine maintenance is required
- Utilisation level was assessed to be normal

During the financial year no major repairs were performed on the plant and during the verification process not impairment indicators were identified.

Calculation of estimated remaining useful life

Description	Grade
Condition – Good	4
Utilisation – Normal	3
Combined grade	7

Based on the combined grade the remaining useful life at the start of the financial year is 70% of the expected useful life (EUL).

As per the asset register at 1 July 2013 the facility detail was as follows:

Component	Carrying value	EUL in months
External facilities	R8 125 125	240
Civil structure	R780 215	240
Mechanical equipment	R1 256 458	84
Metal work	R520 000	120
Electrical equipment	R296 326	60
Pipe-work	R259 111	144
Total	R11 237 235	

The RUL at 1 July 2013 will be reassessed as follows:

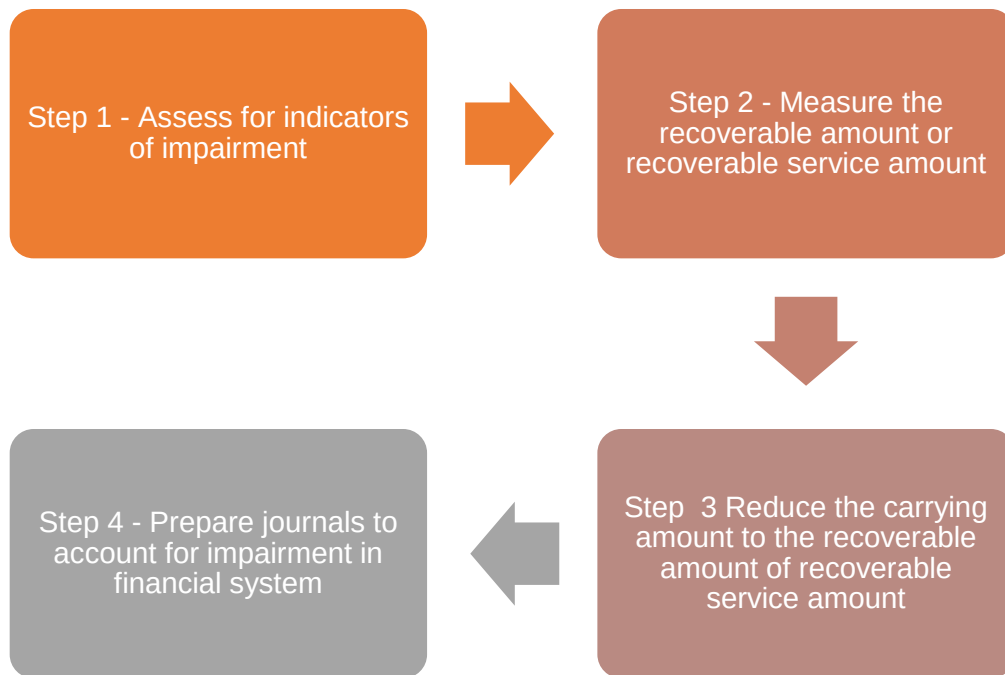
Component	EUL	Adjustment	Reassessed RUL
External facilities	240	70%	168
Civil structure	240	70%	168
Mechanical equipment	84	70%	59 *
Metal work	120	70%	84
Electrical equipment	60	70%	42
Pipe-work	144	70%	101 *

* - Reassessed RUL is always rounded the nearest full month

Depreciation for the year ended 30 June 2014 will be:

Component	Carrying value	RUL at 30 Jun 2013	Depreciation for 2014
External facilities	R8 125 125	168 months	R580 366.07
Civil structure	R780 215	168 months	R55 729.64
Mechanical equipment	R1 256 458	59 months	R255 550.78
Metal work	R520 000	84 months	R74 285.71
Electrical equipment	R296 326	42 months	R84 664.57
Pipe-work	R259 111	101 months	R30 785.47
	R11 237 235		R1 081 382.25

Work procedure – Impairment



Work procedure – Review of RUL

